

University of Northern Iowa's Response to Questions from the Legislative Service Agency and the Economic Development Appropriations Subcommittee

UNI programs receiving state appropriations through the Joint Economic Development Appropriations Subcommittee

- Institute for Decision Making
- Metal Casting Center
- MyEntreNet

Background

Of the \$592,277 appropriated to UNI economic development programs, \$316,010 is allocated to the Institute for Decision Making, \$74,447 to the Metal Casting Center and \$201,820 to MyEntreNet. State investment represents only a portion of funding for these programs, but has been essential in leveraging funds from the federal government and private foundations. Private support is also generated through collaborative partnerships and fee-based services.

The Institute for Decision Making (IDM) serves the communities of Iowa with hands-on economic development expertise and planning assistance. IDM has been in existence for 21 years and served more than 600 communities across the state. Known for its innovations in economic development, IDM invented the laborshed approach and pioneered early work with community visioning, industry cluster analysis and targeting, existing industry assistance as well as providing applied research to address local development issues. IDM also played a key role in disaster assistance and recovery for multiple communities in Northeast Iowa.

The Metal Casting Center is a nationally recognized leader in foundry research, applied technology and technical assistance. The MCC serves 48 foundries across Iowa and 36 foundry suppliers. MCC research has led to new commercial products, helping to improve the competitiveness of Iowa foundries. The MCC serves as the primary casting training facility in the Midwest and has full pilot plant capabilities.

MyEntreNet is an award winning entrepreneurship development system which links entrepreneurs to technical assistance, networking and capital, in part through online technologies. Through a unique onsite/online approach, MyEntreNet enhances community capacity to support entrepreneurs and engages, serves and tracks the growth of small businesses in primarily rural regions. MyEntreNet continues to be a critical recovery component for more than 700 entrepreneurs impacted by the natural disasters.

Questions and Responses

How many new FTE positions have you added since 2007? Will you provide a listing of all the FTE positions complete with job titles, salary and benefits for the position and whether the position is filled? If it is not filled, how long has the FTE position been open?

- MyEntreNet has added 1 position with state funding – Technology Manager for MyEntreNet with a salary of \$46,800 and benefits of \$17,831. This position is currently filled.

- The Metal Casting Center and the Institute for Decision Making have not added any new FTE positions since 2007.

How will you implement the across the board cut?

All three programs shared equally in the 1.5% cut. Since state funding is only a portion of program funding, each program took different steps to reduce their budget. For the three state-funded programs collectively, cuts included: reducing travel, scaling back marketing efforts, elimination of a student position, and reducing consultants work with entrepreneurs.

Provide us the list of suggested cuts you provided the Governor in November or December of 2008.

UNI economic development programs were not included in any list of suggested cuts provided to the Governor. Each program cut 1.5% of its budget as outlined above.

If you were forced to cut your budget by ten percent, what suggestions would you have to reduce the budget and/or reduce the responsibilities of your department?

If forced to cut our economic development program budgets by 10 percent, the following would be implemented:

- Reduce a portion of one position for both IDM and MyEntreNet
- Reduce or eliminate one graduate assistant position
- Eliminate grants to rural MyEntreNet communities to support technical assistance and training
- Reduce travel across the state and outside of Iowa
- Assess revenue options and increase fees to community clients
- Increase fee-based services to foundry industry clients
- Explore options for expanding programs and services beyond Iowa

What assets does your department have that can be leased or sold? What services do you provide that could be privatized or outsourced?

None of UNI's state-funded economic development programs have assets that can be leased or sold.

We could provide fee-based services outside of Iowa to generate revenue for our programs. We know there is demand. However, the time devoted to serving other states would greatly diminish the impact we can have across the state of Iowa.

What is the core mission of your department?

At its core, the Institute for Decision Making (IDM) strives to strengthen the communities of Iowa by providing hands-on economic development expertise and planning assistance. Since 1988, IDM has carried out this mission in each of the 99 counties across the state, serving more than 600 individual communities.

The mission of the Metal Casting Center (MCC) is to continue strengthening Iowa's foundry industry by serving both foundries and foundry suppliers. Further enhancing these efforts, the MCC is now recognized as a leading center of excellence among its peers nationwide.

MyEntreNet's central focus is to help create a supportive culture for entrepreneurship across Iowa; not only providing entrepreneurs with access to needed services and resources, but also building the capacity of service providers and leaders in primarily rural areas throughout the State.

Could you prioritize your department's responsibilities as it relates to the budget?

The Institute for Decision Making's budget priorities are to provide hands on technical assistance to communities and regions in Iowa, principally those needing to improve their capacity for economic development. IDM is an important and innovative resource for local and regional economic development in Iowa and program priorities are based on the needs identified by community clients. Providing this assistance to many communities and clients requires substantial travel and staff time.

The Metal Casting Center's top priority is meeting the needs of foundries and foundry suppliers in Iowa and beyond. The Center's primary focus is solving industry problems, which usually require research, development and testing services, with and for industry partners.

MyEntreNet's budget priorities are to provide a comprehensive support system for entrepreneurs across rural Iowa. The system is successful in part, because it embraces a balanced approach of building community capacity, providing access to technical assistance, training and capital as well as networking geographically isolated business owners. A reduction in any of these segments would result in an ineffective model; thus continued work to create greater efficiencies, train the trainer materials and online resources constitute the top priorities in the MyEntreNet budget.

What services or programs does your department provide that are similar or over-lapping with services or programs provided by other departments?

The Institute for Decision Making provides individually customized community and economic development support services to communities and regions across the state. IDM's services are highly customized; planning and technical assistance services are developed collaboratively, often spanning many years and encompassing long term organizational change in Iowa's communities. These economic development services are unique to this program and not duplicative of other departments.

The Metal Casting Center is one of a few such centers in the United States. No other department, university or community college offers the comprehensive approach to meeting the

needs of foundries and foundry suppliers. However, UNI does work closely with ISU and UI on special research projects for the foundry industry.

MyEntreNet fills a significant gap in the service delivery spectrum that no other department or program in Iowa, or the U.S. provides. MyEntreNet offers existing service providers the ability to deliver their services on the Internet as part of a collaborative online community supporting Iowa entrepreneurs. In addition, MyEntreNet offers service providers and community leaders training, best practices and technical assistance tools needed to successfully support entrepreneurial development in their communities. MyEntreNet's distinctive entrepreneur focused approach has garnered attention at the national level.

Name programs or services in your department that the expense of providing the program or service exceeds the benefit provided.

State funding covers only a portion of the program budgets for the Institute for Decision Making, Metal Casting Center and MyEntreNet. However, State funds are critical for these programs to leverage private and federal support. By tracking metrics of new business formation, business expansion, job creation, industry competitiveness, and taking into account the many testimonials that we receive, the benefits provided by state funding to these programs demonstrates a considerable return for the state of Iowa. For example, through the MyEntreNet system and business incubation services, 321 new jobs were created in 2008. Taking a conservative approach, if we assume \$35,000 per job and a state income rate of 6%, almost \$675,000 in state income tax was generated by these efforts alone. The estimated outcome from this one program is nearly the same as the entire funding amount received by UNI for economic development programs. When taking into account the jobs created by the efforts of local development groups receiving assistance from the Institute for Decision Making, and the impact on the foundry industry as a result of the Metal Casting Center, the statewide influence of these programs is undeniable.

How many new FTE positions have you added since FY 2001?

- IDM has eliminated 2 positions and reallocated/reassigned 1 position since 2001
- Metal Castings Center has eliminated 1 position since 2001
- MyEntreNet has added 1 new position since 2001

Grow Iowa Value Fund

Specific questions were not asked regarding UNI's Grow Iowa Values Fund (GIVF) allocation. Support from the GIVF has been critical for UNI to grow its pipeline of intellectual property and expand business incubation, resulting in commercialization of UNI inventions, small business formation and new job creation. In addition, GIVF support has supported UNI's innovative efforts to provide support for entrepreneurs, help communities and counties collaborate in regional initiatives, provide market research services for small Iowa companies and support the fledgling biolubricants and biofuels industry. UNI is able to leverage GIVF support to provide broad-based support to the entrepreneurs, businesses and communities in Iowa.